The

Naval Research Advisory Committee (NRAC) Venture Capital Panel

and the

Commercial Technology Transition Office (CTTO)

OSD Defense Ventures Workshop

23 March 2004

Dr. Michael McGrath
DASN (RDT&E)
703.696.2204
Michael.F.McGrath@navy.mil

History

HAC Committee Report 107-532, June 2002

- Noted historical difficulty of technology transition from Gov't or Industry to Navy due to risk averse acquisition system
- Noted need for greater awareness and exploitation of tech opportunities across the spectrum of Gov't and Industry
- Directed Navy (ASN(RDA) and ONR) to examine commercial VC practices and models, and determine whether establishment of a pilot VC Fund would speed technology to Navy programs

Navy Response (July 2002 – April 2003)

- Reviewed VC engagement models (In-Q-Tel, On-Point, etc.)
- Conducted Technology Transition Wargames (Spin-In, Out)
- Hosted "VCs@Sea" events (Expose VCs to Naval needs)

Report to Congress July 2003

Key Findings

- Greatest value of VC engagement is in early awareness of emerging commercial technology trends
- VCs can provide technology trend awareness in some areas of critical interest to the Navy
- VC interest in supporting DoD goes beyond profit (9/11)

Recommended Approach

- Establish a formal mechanism for continued dialogue with VC community in lieu of a VC Fund
- Focus on early awareness of trends in key technology areas
  - IT, Advanced Microelectronics and Photonics, Wireless Networking and Biotechnology
- Use Commercial Technology Transition Office (CTTO) at ONR to follow up on tech trend examples and opportunities

NRAC VC Panel

- **8 Top Tier VC's**

  Mark Lister –Rosettex (Chair) Dr. Milton Chang – Incubic
  Dr. Alf Andreassen – Paladin Robert McCormack - Trident
  Warren Packard – Draper Ms. Shanda Bahles – El Dorado
  Tony Sun – Venrock Jack Biddle – Novak Biddle

- **Sub Panel of the NRAC**

- **Special Government Employees**

- **2 Year Term**

NRAC Panel Objectives

- **ID emerging commercial sector trends of potential interest to the DoN**
  - Provide feedback on how to optimize DoN S&T portfolio
- **ID commercial technology examples with potential near-term utility to DoN**
  - Potential rapid technology transition opportunities
- **Advise DoN on how best to engage VC community**
  - Processes, incentives, examples, lessons learned, etc.

NRAC Panel Approach

- **Identify DoN high-interest technology focus areas**
  - IT, Microelectronics, Photonics, Wireless Networking, Biotech
- **Use NRAC mechanism to empanel candidates from appropriate sectors of the VC community**
- **Expose panel to Naval needs and technology transition initiatives in key focus areas**
  - Site visits, demos, briefings, discussions with key players, etc.
- **Use knowledge and insight gained to achieve VC Panel objectives**
  - Advise DoN on S&T portfolio and how to engage VC community
  - ID potential near-term technology examples for independent review and potential transition by CTTO

NRAC 2004 Campaign Plan

- **Norfolk, December 2003**
  - Fact finding meeting to address legal and administrative issues
  - Identify panel success criteria
  - Begin exposure to DoN operational needs and Sea Power 21

San Diego, March 2004

  - Expose panel to operational issues, technology initiatives and challenges in C4I (e.g., FORCEnet et al.)
  - Discuss alternative VC engagement models and begin development of advisory recommendations on how to optimize DoN approach
  - ID and discuss commercial sector trends and technology examples in panel members' focus areas

- **Washington DC, July 2004 (Proposed and Tentative)**
  - Review and discuss DoN S&T investment strategy and portfolio in light of commercial sector trends identified at San Diego meeting
  - Visit Quantico Marine Corps Base to get USMC viewpoint and exposure
  - Finalize panel recommendations in re: optimizing DoN VC engagement model